

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

E-filed 12/4/08

In re: [CASE NAME] Hidden Splendor Resources, Inc.

Case No. 07-51378

**CHAPTER 11
AMENDED MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: Oct-08

PETITION DATE: 10/15/07

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

	End of Current Month	End of Prior Month	As of Petition Filing
2. Asset and Liability Structure			
a. Current Assets	\$760,313	\$197,232	
b. Total Assets	\$25,845,516	\$25,069,915	\$21,752,339
c. Current Liabilities	\$2,340,532	\$2,275,412	
d. Total Liabilities	\$10,969,937	\$10,904,817	\$8,831,376
			Cumulative
3. Statement of Cash Receipts & Disbursements for Month	Current Month	Prior Month	(Case to Date)
a. Total Receipts	\$1,146,696	\$759,257	\$9,998,519
b. Total Disbursements	\$1,044,078	\$885,225	\$10,008,908
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$102,618	(\$125,968)	(\$10,389)
d. Cash Balance Beginning of Month	\$336	\$126,304	\$113,343
e. Cash Balance End of Month (c + d)	\$102,954	\$336	\$102,954
	Current Month	Prior Month	Cumulative
4. Profit/(Loss) from the Statement of Operations	(\$240,603)	(\$416,503)	(\$859,204)
5. Account Receivables (Pre and Post Petition)	\$657,359	\$196,896	
6. Post-Petition Liabilities	\$2,340,532	\$2,275,412	
7. Past Due Post-Petition Account Payables (over 30 days)	\$27,957	\$76,745	

At the end of this reporting month:

	Yes	No
8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)	X	
10. If the answer is yes to 8 or 9, were all such payments approved by the court?	X	
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)		X
12. Is the estate insured for replacement cost of assets and for general liability?	X	
13. Are a plan and disclosure statement on file?		X
14. Was there any post-petition borrowing during this reporting period?		X
15. Check if paid: Post-petition taxes <u> </u> ; U.S. Trustee Quarterly Fees <u>X</u> ; Check if filing is current for: Post-petition tax reporting and tax returns: <u>X</u> . (Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)		

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 12/4/2008 0:00

/s/ Alexander H. Walker, III
Responsible Individual Alexander H. Walker, III, President

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 10/31/08

Current Month				Accrual Basis Cumulative (Case to Date)	Cash Basis Next Month Forecast
Actual Accrual Basis	Forecast Cash Basis	Variance			
\$650,322	\$1,130,400	(\$480,078)	Revenues:	\$7,499,622	\$1,130,400
		\$0	1 Gross Sales		
\$650,322	\$1,130,400	(\$480,078)	2 less: Sales Returns & Allowances	\$7,499,622	\$1,130,400
\$0		\$0	3 Net Sales	\$288,690	
\$650,322	\$1,130,400	(\$480,078)	4 less: Cost of Goods Sold (Schedule 'B')	\$7,210,932	\$1,130,400
		\$0	5 Gross Profit		
		\$0	6 Interest		
		\$0	7 Other Income:		
		\$0	8		
		\$0	9		
\$650,322	\$1,130,400	(\$480,078)	10 Total Revenues	\$7,210,932	\$1,130,400
		\$0	Expenses:		
\$153,313	\$448,000	\$294,687	11 Compensation to Owner(s)/Officer(s)	\$2,084,833	\$448,000
		\$0	12 Salaries		
\$1,494	\$1,250	(\$244)	13 Commissions	\$388,195	\$1,250
			14 Contract Labor-Professional Fees		
\$6,420	\$4,546	(\$1,874)	Rent/Lease:	\$42,815	\$4,546
	\$3,000	\$3,000	15 Personal Property	\$37,482	\$3,000
\$34,399	\$59,010	\$24,611	16 Real Property	\$579,151	\$59,010
		\$0	17 Insurance		
\$153,785		(\$153,785)	18 Management Fees	\$915,719	
			19 Depreciation		
\$14,136	\$105,200	\$91,064	Taxes:	\$290,613	\$105,200
		\$0	20 Employer Payroll Taxes	\$77,992	
\$11,859		(\$11,859)	21 Real Property Taxes	\$474,553	
		\$0	22 Other Taxes		
\$13,165	\$9,700	(\$3,465)	23 Other Selling	\$52,793	\$9,700
\$38,334		(\$38,334)	24 Other Administrative	\$641,899	
		\$0	25 Interest	\$61,818	
\$69,808	\$35,400	(\$34,408)	26 Other Expenses: Bad Debts	\$396,102	\$35,400
\$55,722	\$60,000	\$4,278	27 Utilities	\$579,465	\$60,000
\$28,614	\$43,708	\$15,094	28 Workman's Compensation	\$176,990	\$43,708
\$1,664	\$6,300	\$4,636	29 Royalties/excise tax	\$27,838	\$6,300
\$73,926	\$119,590	\$45,664	30 Retirement Plan	\$433,420	\$119,590
	\$2,400	\$2,400	31 Materials & Supplies	\$18,098	\$2,400
\$120,583	\$59,100	(\$61,483)	32 Ventilation	\$459,288	\$59,100
\$18,824	\$75,005	\$56,181	33 Repairs & Maintenance	\$121,624	\$75,005
			34 Shipping		
\$796,046	\$1,032,209	\$236,163	35 Total Expenses	\$7,860,688	\$1,032,209
(\$145,724)	\$98,191	(\$243,915)	36 Subtotal	(\$649,756)	\$98,191
		\$0	Reorganization Items:		
		\$0	37 Professional Fees	\$51,581	
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees	\$30,225	
\$94,879	\$95,939	\$1,060	42 Bank Payment	\$127,642	\$95,939
\$94,879	\$95,939	(\$1,060)	43 Total Reorganization Items	\$209,448	\$95,939
(\$240,603)	\$2,252	(\$242,855)	44 Net Profit (Loss) Before Federal & State Taxes	(\$859,204)	\$2,252
		\$0	45 Federal & State Income Taxes		
(\$240,603)	\$2,252	(\$242,855)	46 Net Profit (Loss)	(\$859,204)	\$2,252

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)

For the Month Ended 10/31/08

Assets**From Schedules****Market Value****Current Assets**

1	Cash and cash equivalents - unrestricted		\$102,954
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$657,359
4	Inventory	B	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other: _____		
8	_____		
9	Total Current Assets		\$760,313

Property and Equipment (Market Value)

10	Real property	C	\$14,200,000
11	Machinery and equipment	D	\$10,587,536
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$15,000
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$78,349
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	Total Property and Equipment		\$24,880,885

Other Assets

22	Loans to shareholders		
23	Loans to affiliates		
24	Deposits		\$204,318
25	_____		
26	_____		
27	_____		
28	Total Other Assets		\$204,318
29	Total Assets		\$25,845,516

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		
31	Payroll taxes	E	\$399,705
32	Real and personal property taxes		
33	Income taxes		
34	Coal excise taxes	E	\$331,019
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$354,863
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other:		
42	Accrued interest		\$644,058
43	Administrative payables		\$610,887
44	Total Current Liabilities		\$2,340,532

Long-Term Post-Petition Debt, Net of Current Portion

46	Total Post-Petition Liabilities		\$2,340,532
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Pre-Petition Liabilities (allowed amount)

47	Secured claims	F	\$4,604,919
48	Priority unsecured claims	F	\$1,530,333
49	General unsecured claims	F	\$2,494,153
50	Total Pre-Petition Liabilities		\$8,629,405
51	Total Liabilities		\$10,969,937

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		
53	Capital Stock		\$6,137
54	Additional paid-in capital		\$6,675,170
55	Cumulative profit/(loss) since filing of case		(\$859,204)
56	Post-petition contributions/(distributions) or (draws)		
57			
58	Market value adjustment		\$9,053,476
59	Total Equity (Deficit)		\$14,875,579
60	Total Liabilities and Equity (Deficit)		\$25,845,516

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days	\$657,359	\$326,906	
31-60 Days			
61-90 Days			\$27,957
91+ Days		\$27,957	
Total accounts receivable/payable	\$657,359	\$354,863	
Allowance for doubtful accounts			
Accounts receivable (net)	\$657,359		

Schedule B

Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)	Inventory(ies) Balance at End of Month	Cost of Goods Sold	
		Inventory Beginning of Month	0
		Add -	
Retail/Restaurants -		Net purchase	
Product for resale		Direct labor	
		Manufacturing overhead	
Distribution -		Freight in	
Products for resale		Other:	
Manufacturer -			
Raw Materials			
Work-in-progress			
Finished goods			
Other - Explain	\$0	Less -	
Supplies-parts		Inventory End of Month	\$0
		Shrinkage	
		Personal Use	
TOTAL	\$0	Cost of Goods Sold	\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes X No

How often do you take a complete physical inventory?

Weekly
Monthly
Quarterly
Semi-annually
Annually X

Date of last physical inventory was

Date of next physical inventory is

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost
LIFO cost
Lower of cost or market X
Retail method
Other
Explain

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
Land & Mining Claims	\$349,823	\$14,200,000
Total	<u>\$349,823</u>	<u>\$14,200,000</u>

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Mining Equipment	\$16,628,453	\$10,587,536
Total	<u>\$16,628,453</u>	<u>\$10,587,536</u>

Furniture & Fixtures -

Total	<u>\$0</u>	<u>\$0</u>

Office Equipment -

Office Equipment	\$22,640	\$15,000
Total	<u>\$22,640</u>	<u>\$15,000</u>

Leasehold Improvements -

Total	<u>\$0</u>	<u>\$0</u>

Vehicles -

Vehicles	\$131,952	\$78,349
Total	<u>\$131,952</u>	<u>\$78,349</u>

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding	\$384	\$46,862	\$70,228	\$45,562	\$163,036
FICA - Employee	\$327	\$34,050	\$49,389	\$32,412	\$116,178
FICA - Employer	\$327	\$34,050	\$49,389	\$32,412	\$116,178
Unemployment (FUTA)	\$3	\$506	\$938	\$779	\$2,226
Income					\$0
Other (Coal Excise Tax)		\$96,843		\$205,562	\$302,405
Total Federal Taxes	\$1,041	\$212,311	\$169,944	\$316,727	\$700,023
State and Local					
Income Tax Withholding	\$169				\$169
Unemployment (UT)	\$1		\$1,115	\$802	\$1,918
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$170	\$0	\$1,115	\$802	\$2,087
Total Taxes	\$1,211	\$212,311	\$171,059	\$317,529	\$702,110

Schedule F
Pre-Petition Liabilities

As scheduled by debtors

<u>List Total Claims For Each Classification -</u>	<u>Claimed Amount</u>	<u>Allowed Amount (b)</u>
Secured claims (a)	\$4,636,919	\$4,604,919
Priority claims other than taxes	\$45,333	\$45,333
Priority tax claims	\$1,485,000	\$1,485,000
General unsecured claims	\$2,494,153	\$2,494,153

- (a) List total amount of claims even if under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Zions Bank	Zions Bank DIP	Petty Cash	
Account Type	Checking	Checking		
Account No.	2234268	3167079		
Account Purpose	Operating	Operating		
Balance, End of Month	\$2,462	\$100,486	\$6	
Total Funds on Hand for all Accounts	<u>\$102,954</u>			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 10/31/08**

		<u>Actual Current Month</u>	<u>Cumulative (Case to Date)</u>
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales	\$195,612	\$6,944,149
3	Interest Received		
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders	\$951,084	\$3,054,370
6	Capital Contributions		
7			
8			
9			
10			
11			
12	Total Cash Receipts	\$1,146,696	\$9,998,519
Cash Disbursements			
13	Payments for Inventory plus shipping	\$10,662	\$309,000
14	Utilities	\$71,256	\$394,917
15	Administrative	\$12,445	\$87,084
16	Capital Expenditures	\$257,183	\$1,413,835
17	Principal Payments on Debt	\$94,879	\$412,718
18	Interest Paid		\$222,711
	Rent/Lease:		
19	Personal Property	\$1,821	\$45,570
20	Real Property		\$239,401
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)	\$111,713	\$2,657,880
27	Management Fees/Professional	\$10,954	\$237,609
	Taxes:		
28	Employee Withholding	\$41,600	\$634,275
29	Employer Payroll Taxes	\$29,472	\$271,074
30	Real Property Taxes		
31	Other Taxes	\$12,581	\$315,763
32	Other Cash Outflows:		
33	Repairs & Maintenance	\$128,020	\$775,503
34	Materials & Supplies	\$50,491	\$867,479
35	Insurance	\$84,094	\$523,491
36	Pension Contribution	\$1,708	\$28,997
37	Workman's Comp	\$125,199	\$571,601
38	Total Cash Disbursements:	\$1,044,078	\$10,008,908
39	Net Increase (Decrease) in Cash	\$102,618	(\$10,389)
40	Cash Balance, Beginning of Period	\$336	\$113,343
41	Cash Balance, End of Period	\$102,954	\$102,954

STATEMENT OF CASH FLOWS
(Optional) Increase/(Decrease) in Cash and Cash Equivalents
For the Month Ended 10/31/08

		Actual Current Month	Cumulative (Case to Date)
Cash Flows From Operating Activities			
1	Cash Received from Sales	\$195,612	\$6,944,149
2	Rent/Leases Collected		
3	Interest Received		
4	Cash Paid to Suppliers for inventory	\$10,662	\$309,000
5	Cash Paid for Management Fees	(\$40,627)	\$186,028
6	Cash Paid for Administrative Expenses	\$12,445	\$87,084
	Cash Paid for Rents/Leases:		
7	Personal Property	\$1,821	\$45,570
8	Real Property	\$0	\$239,401
9	Cash Paid for Interest	\$0	\$222,711
10	Cash Paid for Net Payroll and Benefits	\$111,713	\$2,657,880
	Cash Paid to Owner(s)/Officer(s)		
11	Salaries	\$0	\$0
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax	\$29,472	\$271,074
17	Employee Withholdings	\$41,600	\$634,275
18	Real Property Taxes		
19	Other Taxes	\$12,581	\$315,763
20	Cash Paid for General Expenses		
21	Repairs & Maintenance	\$128,020	\$775,503
22	Materials & Supplies	\$50,491	\$867,479
23	Insurance	\$84,094	\$523,491
24	Pension Contribution	\$1,708	\$28,997
25	Workman's Comp	\$125,199	\$571,601
26	Utilities	\$71,256	\$394,917
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	(\$444,823)	(\$1,186,625)
Cash Flows From Reorganization Items			
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case	\$51,581	\$51,581
30	U.S. Trustee Quarterly Fees		
31			
32	Net Cash Provided (Used) by Reorganization Items	(\$51,581)	(\$51,581)
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	(\$496,404)	(\$1,238,206)
Cash Flows From Investing Activities			
34	Capital Expenditures	\$257,183	\$1,413,835
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	(\$257,183)	(\$1,413,835)
Cash Flows From Financing Activities			
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions	\$951,084	\$3,054,370
41	Principal Payments	\$94,879	\$412,718
42			
43	Net Cash Provided (Used) by Financing Activities	\$856,205	\$2,641,652
44	Net Increase (Decrease) in Cash and Cash Equivalents	\$102,618	(\$10,389)
45	Cash and Cash Equivalents at Beginning of Month	\$336	\$113,343
46	Cash and Cash Equivalents at End of Month	\$102,954	\$102,954